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COMMITTEE ON VETERANS' AFFAIRS

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Oversight Results in Change, Loopholes Still Exist

WASHINGTON, D.C. —Today, the House Committee on Veterans' Affairs held an oversight hearing entitled "Through the Looking Glass: Return to PPV." In February 2012, [the Committee held a hearing](#), which revealed as a the result of ongoing Committee investigations highlighting VA's long-standing practice of purchasing pharmaceuticals on behalf of veterans, to be in violation of several federal laws through its Pharmaceutical Prime Vendor (PPV). Although improvements to PPV contracting within VA have occurred since late last year, VA has continued to purchase pharmaceuticals off-contract amounting to millions of dollars.

"At the February hearing, the illegal purchases were described as the routine way of doing business, and according to the testimony we heard at that time, no one within VA was accountable," stated Rep. Jeff Miller, Chairman of the House Committee on Veterans' Affairs. "Now that VA has had time to consider this matter, the Committee wants to ensure that the system is working as it should, within the framework of the law, and that employees have been counseled on proper practices to assure both the veteran and taxpayer that their best interests come first."

VA officials, testifying under oath before the Committee, said the chronic problems that plagued the PPV contract for more than a decade are now under control and that an internal VA investigation is ongoing. According to testimony, VA employees found to have broken the law have received letters of counseling "where appropriate."

"The open market process must and should be protected through due diligence, competition, and a contract," said Rep. Bill Johnson, Chairman of the Subcommittee on Oversight and Investigations. "If VA is finding that the contract precludes them from securing the medications needed for our veterans, then VA needs to inform the Committee so that the proper adjustments to the law can be made."

The PPV contract is VA's largest, totaling approximately \$4 billion, and is currently held by McKesson Corporation. When executed correctly, the "just-in-time" delivery system of the PPV contract ensures pharmaceuticals are delivered to VA's medical facilities in a timely fashion and at a competitive price.

"This Committee found through its oversight, thousands of illegal transactions totaling millions of unaccounted for dollars. We are now seeing the seeds of change at VA, which takes its mission to the veteran seriously, as well as to the taxpayer," Miller stated. "Although improvements have been made, we will continue our vigorous oversight to ensure all loopholes have been closed and employees acting outside the law are held to account."

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